

BEFORE THE IDAHO BOARD OF TAX APPEALS

IN THE MATTER OF THE APPEAL OF BRUCE) APPEAL NO. 07-A-2238
MILLS from the decision of the Board of Equalization) FINAL DECISION
of Fremont County for tax year 2007.) AND ORDER

RESIDENTIAL PROPERTY APPEAL

THIS MATTER came on for hearing October 23, 2007 in St. Anthony, Idaho before Hearing Officer David E. Kinghorn. Board Member Lyle R. Cobbs participated in this decision. Appellant Bruce Mills appeared at hearing. Assessor Kathy Thompson and Appraisers Bruce Hill and Kent Lords appeared for Respondent Fremont County. This appeal is taken from a decision of the Fremont County Board of Equalization denying the protest of the valuation for taxing purposes of property described as Parcel No. RP000630000140A.

The issue on appeal is the market value of a residential property.

The decision of the Fremont County Board of Equalization is affirmed.

FINDINGS OF FACT

The assessed land value is \$133,050, the improvements' valuation is \$1,330, and other valuation is \$19,880, totaling \$154,180. Appellant requests the land value be reduced to \$53,930 and other valuation reduced to \$14,500, with the improvements' value to remain at \$1,330, for a total reduced value of \$70,660.

The subject property is a 2.830 acre parcel with rural and residential improvements. Details concerning the improvements were not shared, it is unclear exactly what the improvements are. Subject is located on the Henry's Fork of the Snake River in or near St. Anthony.

Appellant challenged the sale properties the County used to support subject's value. It was claimed the properties, while located in the same subdivision, were superior to subject in

terms of view and river access. Appellant provided a video tape illustrating the views of the sales and of subject. Appellant noted some trees and brush obstruct subject's river view. In all, it was argued subject has little or no river influence and should not be compared to the riverfront properties referenced by Respondent.

The video also included footage of the adjacent lot to the South of subject. Appellant asserted this lot was the most comparable and should be used as the basis for valuing subject. This 2.07 acre lot was assessed at approximately \$26,053 per acre for the 2007 tax year.

Appellant mentioned 25% of subject had been determined by the County to be "condemned" or otherwise useless. Appellant contended this reduced subject's usable size to 2.16 acres. Using the assessed value of the adjacent South lot, Appellant calculated subject's land value should be \$56,275.

Respondent noted a portion of subject touches the river. As such, it is considered to have river influence and was assessed accordingly. Respondent acknowledged subject does not have an unobstructed view of the river, but argued this was because Appellant has chosen not to remove the brush. Respondent clarified that 25% of subject had not been condemned or otherwise deemed worthless. In reality, a 25% downward adjustment to subject's overall land value was applied to account for subject's inferior view compared to the sale properties.

Respondent conducted a sales study involving riverfront properties in subject's subdivision. The study indicated lots between zero and 2 acres were worth \$70,000 per acre. Lots between 2.001 and 5 acres showed a value of \$35,000 per acre. Lots in excess of 5 acres were value at \$2,800 per acre. These rates were used to assess subject and the other riverfront properties in the subdivision.

Respondent also challenged the appropriateness of using the adjacent South lot as a

basis from which to value subject. It was noted the South lot was an interior lot with no river access.

CONCLUSIONS OF LAW

This Board's goal in its hearings is the acquisition of sufficient, accurate evidence to support a determination of fair market value. This Board, giving full opportunity for all arguments and having considered all testimony and documentary evidence submitted by the parties in support of their respective positions, hereby enters the following.

For the purposes of taxation, Idaho Code requires property be assessed at market value, as defined in Idaho Code § 63-201(10);

“Market value” means the amount of United States dollars or equivalent for which, in all probability, a property would exchange hands between a willing sell, under no compulsion to sell, and an informed, capable buyer, with a reasonable time allowed to consummate the sale, substantiated by a reasonable down or full cash payment.

To this end, the Idaho Supreme Court has recognized three (3) approaches for determining market value.

“[T]here are three primary methods of determining market value: the cost approach, in which the value as determined by new cost or market comparison is estimated and reduced by accrued depreciation; the income approach, applicable to "income producing property" in which a capitalization rate is determined from market conditions and applied to net income from the property to determine appraised value; and the market data (comparison method) approach, in which value of the assessed property is ascertained by looking to current open market sales of similar property.” *Merris v. Ada County*, 100 Idaho 59, 63, 593 P.2d 394, 398 (1979).

Respondent utilized the market data approach to support subject’s assessed value. A sales study comprised of riverfront properties in the subdivision was conducted. The results of

the study were used to assess riverfront parcels in the subdivision; subject included. Because subject's view of the river is partially obstructed by brush, Respondent applied a 25% downward adjustment to subject's overall land assessment.

Appellant challenged the use of other riverfront properties as a basis for valuing subject. Instead, Appellant urged subject be compared to the assessed value of the adjacent South lot.

First, using the assessed value of another property as justification for reducing the value of another property, is not a recognized appraisal method. Second, while the adjacent lot is somewhat comparable to subject in terms of size, the similarities stop there. Most notably, it is not a riverfront lot. It would be inappropriate to use this property to value subject.

Both parties agree, though to different degrees, that subject's view of the river is at least somewhat obstructed. Using the results of the sales study from subject's subdivision, Respondent valued subject as a property with river influence. A 25% downward adjustment was then applied. Appellant has not provided market data or other value information to show further reduction is warranted. Appellant has failed to show by a preponderance of the evidence that subject's assessment is erroneous as required by Idaho Code § 63-511. Accordingly, the decision of the Fremont County Board of Equalization is affirmed.

FINAL ORDER

In accordance with the foregoing Final Decision, IT IS ORDERED that the decision of the Fremont County Board of Equalization concerning the subject parcel be, and the same hereby is, affirmed.

MAILED April 30, 2008